REMARKS

Claims 1, 2, 5, 6, 11-14 and 16-25 are currently pending in the application. Applicants have canceled claims 4, 7-10 and 15, amended claims 1, 5, 11-14 and 16 and added new claims 17-25. Applicants request reconsideration of the application in light of the following remarks.

Telephone Interview

Applicant's attorney wishes to thank the Examiner for her courtesy and time during a telephone interview that was held on October 22, 2003 between Examiner Marks, the Examiner's supervisor, Applicant and Applicant's attorney. The Examiner's comments and insight were very helpful in preparing this response. It is hoped that the comments below reflect the spirit of the interview.

During the interview it was made clear that the claims were unclear in their distinction between "payout insured" tickets and "tax insured" tickets. The Examiner initially indicated that if the tax insured ticket elements were added to the independent claims, they would be allowable but were otherwise too broad. After some discussion on whether the cited references disclosed a payout insured system as was proposed by Applicant's invention, it was determined that Applicant should submit, along with a Request for Continued Examination, separate independent claim sets focusing specifically upon each of the "payout insured" and "tax insured" tickets for clarity. Amended independent claims 1 and 13, with their respective dependent claims focus upon the tax-insured lottery tickets and amended independent claims 11 and 16, with their respective dependent claims fucus upon the payout insured lottery tickets. Many of the dependent claims include combinations of payout and tax insured tickets.

Rejections under 35 U.S.C. §103

To establish a *prima facie* case of obviousness under 35 U.S.C. §103, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Third, the cited prior art reference must teach or suggest all of the claim limitations. Furthermore, the suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based upon the Applicants' disclosure. A failure to meet any one of these criteria is a failure to establish a *prima facie* case of obviousness. MPEP §2143.

Claims 1-2, 4-10

Claims 1-2 and 4-10 were rejected by the Examiner under 35 U.S.C. § 103(a) as being unpatentable over Congello, Jr. (U.S. Patent No. 6,296,569, hereinafter "Congello"). Applicant has canceled claims 4 and 7-10, thus obviating the rejection of those claims, and respectfully traverses the rejection of claims 1-2 and 5-6, and requests reconsideration of the pending claims.

As discussed in the telephone conference on October 22, 2003, Congello does not teach the tax insured system as recited in independent claim 1. Rather, Congello teaches a system whereby a player can purchase a percentage of a ticket (including more than 100% of a ticket) by paying more or less than the standard ticket price. For example, if the player pays $1.65, the player gets 165% of a ticket. Under the Congello system, if the player purchases more than 100% of a ticket and the player is the only player with a winning ticket, the player is only given at most the full prize amount according to the payout rules, not an amount equal to 165% of the prize amount. Thus, a player could not pay an additional amount to purchase 138% of a ticket in hopes that an additional amount would be awarded to cover the taxes. There is no distinction between a "tax insured" and "non-tax insured"

ticket in Congello. Every player merely purchases a percentage amount of a ticket. In another sense, Congello has merely broken each ticket into 100 subtickets and any number of subtickets may be purchased and provided for the same number chosen (less than 100 subtickets resulting in less than all of the prize). Independent claim 1 is, therefore, allowable over Congello. Dependent claims 2, 5 and 6 are allowable over Congello, among other reasons, for depending from allowable claim 1.

Claims 11 and 12

Claims 11 and 12 were rejected by the Examiner under 35 U.S.C. § 103(a) as being unpatentable over Pennsylvania Tax-Free Million Game (hereinafter "PA Tax-Free"), in light of Pennsylvania Lottery Information: Claiming a Prize (hereinafter "PA Lottery"). Applicants respectfully traverse this rejection and request reconsideration of the claims.

Independent claim 11 recites sale of "payout insured" and "non-payout insured" winning ticket purchasers being paid a large payout amount under different payout terms within the same lottery game. The PA Tax-Free game and the PA Lottery game are each separate games with separate rules. The payout amounts are different for the different games because they are separate games. There is no motivation found in the references to combine the different systems into one game with two different payout amounts based upon different ticket prices. Furthermore, the ticket prices for both the PA lottery games are the same. Accordingly, independent claim 11 is allowable over and not obvious in light of the PA Tax-Free game and the PA Lottery game. Dependent claim 12 is allowable, among other reasons, for depending from allowable claim 11.

Claims 13-14 and 16

Claims 13-14 and 16 were rejected by the Examiner under 35 U.S.C. § 103(a) as being unpatentable over Walker et al. (U.S. Patent No. 6,086,477, hereinafter "Walker"), in light

of PA Lottery Information, Claiming a Prize (hereinafter "PA Claiming"). Applicants respectfully traverse this rejection and request reconsideration of the claims.

Independent claim 13, as amended, recites a method relating to tax insured tickets. Independent claim 16, as amended, recites a method relating to payout insured tickets.

In relation to claims 13 and 16, the Office Action asserts that in the system of Walker (citing col. 11, line 65 to col. 12, line 18), "if a ticket is a winning ticket and the ticket has been insured, the top prize amount available is paid. Otherwise, if the ticket has not been insured, only a portion of the top jackpot is paid." The insurance offered in the system of Walker cited by the Office Action is a "never lose" insurance whereby players with never-lose entries remain active until they win a drawing-based prize. This is not necessarily the top prize, but can be any of several lesser drawing-based prizes. Thus, the statement in the Office Action is incorrect. Walker does not guarantee immediate payment in full of any top award (payment is still according to conventional rules), and does not provide insurance against taxes to be incurred if purchased. Rather, the ticket in Walker merely stays active until it wins something (anything). In fact, the top prize for the "never-lose" tickets in Walker is a fixed prize that does not increase over time. Thus, the conventional ticket holders have available a higher prize amount. Walker mentions that the lottery operator, not the player, can purchase additional insurance to cover situations where the jackpot amount for conventional ticket holders and the top prize for "never-lose" ticket holders is different.

Independent claims 13 and 16 are allowable over Walker because Walker does not teach or suggest either a tax insured ticket method as recited in claim 13 or a payout insured ticket method as recited in claim 16. Dependent claim 14 is allowable over Walker, among other reasons, for depending from allowable claim 13.

Claim 15

Claim 15 is rejected by the Examiner under 35 U.S.C. § 103(a) as being unpatentable over Walker, et al. (U.S. Patent No. 6,086,477, hereinafter "Walker") in view of Congello, Jr. (U.S. Patent No. 6,296,569, hereinafter "Congello"). Dependent claim 15 was canceled, obviating the response to this rejection.

Applicants respectfully request that the obviousness rejections of claims 1, 2, 5, 6, 11-14 and 16 be withdrawn.

In summary, and in view of the amendments herein, none of the references cited by the Examiner nor any other known prior art, either alone or in combination, disclose the unique combination of features disclosed in Applicant's claims presently on file. For this reason, allowance of all of Applicants' claims is respectfully solicited.

Regarding Doctrine of Equivalents

Applicants hereby declare that any amendments herein that are not specifically made for the purpose of patentability are made for other purposes, such as clarification, and that no such changes shall be construed as limiting the scope of the claims or the application of the Doctrine of Equivalents.

CONCLUSION

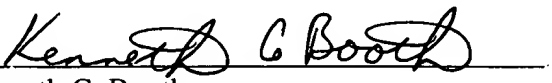
Applicant respectfully requests that a timely Notice of Allowance be issued in this case.

It is requested that a one-month extension of time be granted for the filing of this response, and the appropriate extension filing fee of $55.00 is enclosed herewith.

If any fees, including extension of time fees or additional claims fees, are due as a result of this response, please charge Deposit Account No. 19-0513. This authorization is intended to act as a constructive petition for an extension of time, should an extension of time be needed as a result of this response. The examiner is invited to telephone the undersigned if this would in any way advance the prosecution of this case.

Respectfully submitted,

Date: October 27, 2003

By 
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